

PRESS RELEASE
Istanbul –May 8, 2015

JCR Eurasia Rating
has affirmed the ratings of “**Ulusal Faktoring A.Ş.**” and its ‘**Cash Flows on Prospective Bond Issue**’ as ‘**A+ (Trk)/ Positive**’ on the Long Term National Local Scale and Outlook and ‘**BBB-/Stable**’ on the Long Term International Foreign Currency Scale and Outlook and has revised its Short Term National Outlook to ‘**Positive**’

JCR Eurasia Rating has affirmed the investment grade ratings of “**Ulusal Faktoring A.Ş.**” on the Long Term National Scale as ‘**A+ (Trk)/ Positive**’ and revised its outlook from ‘**Stable**’ to ‘**Positive**’ on the Short Term National Scale. In addition, JCR Eurasia Rating has also affirmed the Long Term International Foreign Currency and Local Currency Rating as ‘**BBB-**’. Other notes and details of the ratings are given in the table below.

Long Term International Foreign Currency	: BBB- /(Stable Outlook)
Long Term International Local Currency	: BBB- /(Stable Outlook)
Long Term National Local Rating	: A+ (Trk) /(Positive Outlook)
Short Term International Foreign Currency	: A-3 /(Stable Outlook)
Short Term International Local Currency	: A-3 /(Stable Outlook)
Short Term National Local Rating	: A-1 (Trk) /(Positive Outlook)
Sponsor Support	: 2
Stand Alone	: B

The Factoring Sector enjoys a significant potential for future growth considering the low levels of domestic penetration, the increasing effectiveness of supervisory and regulatory authorities and the legal obligations that resulted in the consolidation of all factoring, leasing, consumer financing companies under the “Financial Institutions Union” in 2012. Furthermore, the new Takasbank Money Market (TMM) Procedure, effective as of 10 April 2015, enables Leasing, Factoring and Financing Companies to join the membership of Takasbank Money Markets (TMM) and is estimated to provide factoring companies with alternative models of funding and improve systemic support levels in the subsequent period. On the other hand, the intensely competitive operating environment that prevails throughout the sector necessitates tailor-made solutions for customers, rapid conclusion of business procedures and sustainable growth, while the rising transactional volume and pressure requires emphasis on effective risk management procedures.

Founded on December 21, 1999 to provide factoring services to industrial and commercial companies as a subsidiary of Ulusal Bank A.Ş., **Ulusal Faktoring A.Ş.** was acquired by the current shareholders following the transfer of Ulusal Bank to the Savings Deposits Insurance Fund in 2001. Having established a strategic partnership with **PineBridge Eurasia Financial Investments** which acquired 47% of the Company’s shares in December 2011, **Ulusal Faktoring** initiated a branch network expansion and established branches in important trade centers of the country, reaching 13 branches as of 2014. The Company maintained its growth performance which outperformed the sector average through increasing its customer portfolio and captured a greater market share in the highly competitive factoring sector. Furthermore, the signing of a 3-year credit facility amounting to 10 million EUR equivalent TRY with the **European Bank for Reconstruction Bank (EBRD)** in February 2015 brought the Company into a privileged position sector in terms of resource and liquidity and laid the foundation of the revision of the outlook of its **A-1 (Trk) Short Term National Rating** as “**Positive**”. The Company maintained its ‘**Positive**’ outlook for the long-term through the diversification of its funding base through this bond, below-sector NPL ratios, large customer base with minimum levels of concentration, competitive advantages attained in pricing and effective organizational and operational structure supported by an IT infrastructure providing a solid foundation for future growth.

The slowdown observed in economic growth, fluctuations in international markets and the political instability created by the upcoming general election period carry the potential to negatively impact the balance sheet structure and liquidity of SMEs and as such continue to exert downward ratio on the NPL ratios sector-wide. The Company’s below-sector NPL ratios, balanced receivables portfolio dispersed across various sectors and customer scales along with a balance sheet structure carrying no foreign currency risk constitute the major factors that preserve the Company’s asset quality. Taking into account the current balance sheet composition, steadily growing transaction volume and customer numbers, experienced senior management and future growth strategies, the Company is expected to generate sufficient levels of cash flows to meet the financial liabilities stemming from its undertaken past bond issue with the aim of diversifying financial resources and extending funding maturity.

It is considered that the major controlling shareholders and private equity partner of **Ulusal Faktoring A.Ş.** have the willingness and experience to ensure the long term liquidity and equity within their financial capability when required and to provide efficient operational support to **Ulusal Faktoring A.Ş.** In this regard, the Company’s Sponsor Support Grade has been affirmed as **(2)** in **JCR Eurasia Rating**’s notation, denoting an adequate level.

Additionally, when the organizational structure, corporate governance practices, asset quality, equity level, growth ratios and increasing market shares are taken into account, we, as **JCR Eurasia Rating**, are of the opinion that **Ulusal Faktoring A.Ş.** has reached the level of adequate experience and facilities to manage the incurred risks on its balance sheet regardless of any assistance that may be provided by the shareholders, provided that it maintains its current customer base and effectiveness in the market. Within this context, the Stand Alone grade of the Company has been determined as **(B)** in the **JCR Eurasia Rating** notation system.

For more information related to the rating results you may visit our internet site <http://www.jcrer.com.tr> or contact our analysts **Mr. Orkun İnan** and **Mr.Bora Pakyürek**.

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